

## CALIFORNIA CERTIFIED REINSURER RENEWAL APPLICATION CHECKLIST

This checklist is based on California Insurance Code section 922.41, and serves as a guide for insurers renewing their certified reinsurer status in California. Do not leave any checklist items blank. Mark either “X” or “n/a” in the box provided. Use “n/a” if a checklist item does not apply, and provide an explanation why that item is not applicable under the application exhibit. ***Please submit a duplicate copy of the completed application.*** An application consists of a completed checklist, signed by an officer with the authority to bind the company, and all of the corresponding exhibits.

Pursuant to section 922.41(e)(1) of the Insurance Code, notice of a filed application will be posted on the California Department of Insurance’s (“CDI”) website. Posted notice will be found under the “[Certified Reinsurer](#)” portion of the “Bulletins & Notices” page on CDI’s website.

***Please note***, this checklist is intended as a *guide* for insurers renewing their certified reinsurer status. The Commissioner reserves the right to establish relevant requirements or request information *in addition* to what has been set forth in this checklist. See Cal. Ins. Code § 922.41(b)(6), (f)(7), (h)(1)(K).

**Name of Applicant:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Primary Contact:** \_\_\_\_\_

**Domiciliary Jurisdiction:** \_\_\_\_\_

**Applicable Lines of Business:** \_\_\_\_\_

**NAIC Alien Id. No.** (non-U.S. licensed) \_\_\_\_\_ **NAIC Co. Code** (U.S. licensed) \_\_\_\_\_

### **CHECKLIST**

***All applicants*** must include or address the following items:

- ☐ **1. Completed Checklist** – Cal. Ins. Code § 922.41(b)(6).
- ☐ **2. Cover Letter** – Cal. Ins. Code § 922.41(b)(6).
  - ☐ a. Requesting renewal of certified reinsurer status in California and detailing the applicable lines of business.
  - ☐ b. Specifying the mechanism used to post collateral *i.e.*, Cash or Securities, Letters of Credit, and/or Multibeneficiary Trust. See Cal. Ins. Code §§ 922.4(d), 922.41(a), 922.41(i), 922.5
- ☐ **3. Advance/Deposit** – Remit \$1,500 to the California Department of Insurance

**NOTE:** The actual costs and expenses incurred by CDI in reviewing certification requests will be separately charged to the requesting insurer pursuant to section 922.43. Review costs are *in addition* to the \$1,500 advance/deposit fee.

- ☐ **4. Proof of Licensure and Good Standing** – Cal. Ins. Code § 922.41(b)(1), (c)(1), (f)(6)
- ☐ a. A copy of the certificate of authority or license to transact insurance or reinsurance from applicant's domiciliary jurisdiction.
- ☐ b. A certification from applicant's domestic regulator affirming applicant is in good standing and maintains capital in excess of the jurisdiction's highest regulatory action level.

- ☐ **5. Financial Strength Ratings** – Cal. Ins. Code § 922.41(b)(3), (h)(1)
- ☐ a. Confirm all interactive financial strength ratings currently maintained by the applicant.
- ☐ b. Submit copies of the full rating agency report, or rating agency letters, from two (2) or more acceptable rating agencies confirming financial strength ratings as of the date of applicant's most recent audited financial statement.
- ☐ c. If applicable, provide a description of any changes in a financial strength rating from an approved rating agency.

**NOTE:** Acceptable rating agencies include: Standard & Poor's, Moody's Investors Service, Fitch Ratings, A.M. Best Company, or any other nationally recognized statistical rating organization.

Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating.

- ☐ **6. California's Form CR-1** – Cal. Ins. Code § 922.41(b)(4)-(6), (f), (h)(3)
- ☐ a. California's Form CR-1 must be properly executed by an officer authorized to bind the applicant to the commitments set forth in the form.

**NOTE:** [California's Form CR-1](#) can be found on CDI's website under the "Certified Reinsurer Application" section of the "Corporate Applications & Information" page.

- ☐ **7. Regulatory Action Statement** – Cal. Ins. Code § 922.41(f)(1), (h)(1)(F), (K) **which should include:**
- ☐ a. A description of any regulatory actions that have been taken against the certified reinsurer in the preceding year. Include a description of the allegations and all actions taken by any regulator. Do not limit the list to actions taken by applicant's domiciliary regulator – include *all* regulatory actions, fines, and penalties regardless of the amount.

- ☐ b. A description of any changes in the provisions of the certified reinsurer's domiciliary license that occurred in the preceding year and the reasons for those changes.

☐ **8. Overdue and/or Disputed Reinsurance Claims** – Cal. Ins. Code § 922.41(f)(5), (h)(1)(B), (E)

- ☐ a. Submit a list of all reinsurance claims in dispute and/or more than 90 days overdue regarding reinsurance assumed from U.S. domestic ceding insurers. For each claim listed, provide a description.

**NOTE:** The list should illustrate the number of disputed and overdue reinsurance claims to U.S. cedents in relation to the certified reinsurer's total amount of cedents.

☐ **9. Financial Filings** – Cal. Ins. Code § 922.41(b)(2), (d)(1), (f)(3)-(4), (h)(1)(C)-(D), (G)-(H)

- ☐ a. Audited financial statements filed with the certified reinsurer's supervisor for the prior year.

Statements must demonstrate that applicant has minimum capital and surplus, or the equivalent, of at least \$250,000,000. If applicant is an association of incorporated and individual unincorporated underwriters, statements must demonstrate that applicant has at least \$250,000,000 plus a central fund with a balance of at least \$250,000,000.

**NOTE:** Statements must be audited on a U.S. Generally Accepted Accounting Principles ("U.S. GAAP") basis, if available. Reports audited on an International Financial Reporting Standards ("IFRS") basis are allowed but must include either: an audited footnote reconciling equity and net income to a U.S. GAAP basis; OR, with the prior written permission of the California Commissioner, reconciliation to U.S. GAAP certified by an officer of the company.

A [reconciliation certification form](#) can be found on CDI's website under the "Certified Reinsurer Application" section of the "Corporate Applications & Information" page.

- ☐ b. Submit the report of the independent auditor on the financial statements of the insurance enterprise.

**NOTE:** Report must be audited on a U.S. GAAP basis or on an IFRS basis with reconciliation as noted above in Item #9(a)

- ☐ c. Submit a copy of the Actuarial Opinion and other regulatory filings, as filed with the applicant's domiciliary supervisor.

- ☐ d. **NAIC Annual Statement Blank Schedule F** (for property/casualty) or **Schedule S** (for life and health) for applicants domiciled in the U.S.

- ☐ e. **Form CR-F** (for property/casualty) or **Form CR-S** (for life and health) for applicants

not domiciled in the U.S.

**NOTE:** Instructions for [Form CR-F](#) and [Form CR-S](#), as adopted by the NAIC Reinsurance Task Force, can be found on CDI's website under the "Certified Reinsurer Application" section of the "Corporate Applications & Information" page.

- ☐ **10. Solvent Schemes of Arrangement** – Cal. Ins. Code § 922.41(h)(1)(J)
- ☐ a. If applicable, provide a description of applicant's current or proposed future participation in any solvent scheme of arrangement, or similar procedure, involving U.S. ceding insurers.
- ☐ **11. Sample Reinsurance Contracts, Trust Documents** – Cal. Ins. Code § 922.41(i)(1)
- ☐ a. Sample of each type of reinsurance contract with proper funding clause.
- ☐ b. If maintaining security in a multibeneficiary trust, submit a copy of the reduced collateral trust with certification that it is a true and correct copy of the original trust filed in the oversight state, and that no changes have been made since the trust became effective. Certification is appropriate from the oversight state or the company's corporate secretary.
- ☐ **12. Commitments** – Cal. Ins. Code § 922.41(b)(6)
- ☐ a. Submit a statement in which the applicant commits to comply with all requirements deemed necessary for certification.
- ☐ b. Submit a statement in which the applicant agrees to post 100% security upon the entry of an order of rehabilitation or conservation against the ceding insurer or its estate.
- ☐ **13. Qualified Jurisdiction Assessment** – Cal. Ins. Code § 922.41(g)(1), (h)(1)(I)
- ☐ a. Submit a statement from an officer with the authority to bind the company that notes any material changes in the laws and regulations related to the supervision of reinsurers in the applicant's domiciliary jurisdiction. Specifically note if there have been any changes in the law regarding the enforcement of final U.S. judgments in the jurisdiction.

\_\_\_\_\_  
Signature of Officer with Authority to Bind

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date